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TRADE AND DEVELOPMENT BOARD

Eighth Special Session

SUMMARY RECORD OF THE 45th MEETING

held at the Palais des Nations, Geneva,
on 25 April 1977, at 3.20 p.m.

President: Mr. LAGERFELT (Sweden)

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Consideration of the report of the Group of Governmental Experts on the Concepts of the Present Aid and Flow Targets on its third session.

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PROCEDURAL MATTERS (agenda item 1) (continued):

(a) Organization of work (TD/B/441/Add.2) (continued)

1. The PRESIDENT suggested that the Board should establish a contact group with the following composition: nine countries from the Group of 77 (three from Africa, three from Asia and three from Latin America), six countries from Group B, three countries from Group D, and China.

It was so decided.

REVIEW AND APPRAISAL OF THE IMPLEMENTATION OF THE INTERNATIONAL DEVELOPMENT STRATEGY, THE DECLARATION AND THE PROGRAMME OF ACTION ON THE ESTABLISHMENT OF A NEW INTERNATIONAL ECONOMIC ORDER, THE CHARTER OF ECONOMIC RIGHTS AND DUTIES OF STATES, AND GENERAL ASSEMBLY RESOLUTION 3362 (S-VII) ON DEVELOPMENT AND INTERNATIONAL ECONOMIC CO-OPERATION (agenda item 2) (TD/B/642 and Add.1 and 2, TD/B/646) (continued)

2. Mr. EL-SHAFEI (Egypt), speaking on behalf of the countries members of the Group of 77, noted that the important meetings which had been held since the Board's last appraisal of the implementation of the Strategy had achieved very little. The hopes raised by the beginning of the Second United Nations Development Decade would probably not be fulfilled. There had been some progress in some areas (economic co-operation among developing countries and the transfer of technology, for example), but little or no progress had been made in the field of commodities and the transfer of real resources for development. The facts showed that the International Development Strategy had failed because of the lack of political will on the part of the developed countries to implement internationally agreed commitments, laboriously negotiated, and to create more favourable conditions for development and international economic co-operation.

3. The unanimous adoption by the General Assembly of resolution 3362 (S-VII) on development and international economic co-operation, following upon the adoption of resolutions 3201 (S-VI) and 3202 (S-VI) on the Declaration and the Programme of Action on the Establishment of a New International Economic Order and of the Charter of Economic Rights and Duties of States (resolution 3281 (XXIX)), was to have marked the beginning of a new era in international economic relations, characterized by genuine co-operation rather than by confrontation in the building of a more just and more equitable economic order: however, that had perhaps been merely an illusion.

4. The crucial issues of development and international economic co-operation were not new and had already been the subject of many recommendations and prescriptions for action. The Conference, at its fourth session in particular, the first practical test of the meaning of General Assembly resolution 3362 (S-VII), had adopted a number of important decisions, but one year later, it must be noted that the pace of their implementation was disappointing. The situation was virtually static and, if the developed countries did not demonstrate the necessary political determination, there was no reason to be optimistic about the final outcome. The attempts made to back-track on agreed positions with so-called new interpretations and to re-open issues already agreed upon could only give rise to the deepest concern.

5. The eighth special session offered the Board an opportunity to take initiatives to get international economic co-operation out of the doldrums. The members of the Board should decide to make renewed efforts to implement the agreed decisions of the fourth session of the Conference, successfully to negotiate pending issues and, in particular, to meet the deadlines agreed upon, whether for the Integrated Programme for Commodities or the code of conduct or any other issue.

6. The choice to be made was clear: either to succeed together or to fail together. There was already a certain malaise in international economic relations. There was a tendency to ignore crucial issues and to place undue emphasis on technical details, which were mere pretexts and served only to disperse the energies and limited resources of small delegations from developing countries.

7. Turning to specifically UNCTAD issues he highlighted some of the actions needed in order to lift development and international economic co-operation out of their present doldrums.

8. With regard to commodities, the developed countries should change their attitude in the individual commodity negotiations and not seek delay by trying to obtain satisfaction on minor details. The developing countries were deeply dissatisfied with the failure of the Negotiating Conference on a Common Fund and hoped that the developed countries would come to the resumed conference with the required political mandate to ensure its success. The common fund was essential for the establishment of the new international economic order in an area of crucial importance to both developing and developed countries, namely that of commodity trade.

9. In the field of manufactures, increased access to markets and a strengthened capacity to supply products were necessary in order to achieve the target fixed by the United Nations Industrial Development Organization. However, a number of basic issues relating to improved access to markets had not been resolved in the multilateral trade negotiations.

10. With regard to money and finance and the transfer of real resources for development, the Group of 77 expected the ministerial session of the Board to reach decisive overall solutions to the debt problems of developing countries. Ways and means must also be found to enable those countries to participate effectively in decision-making in international monetary and financial matters of vital concern to them.

11. With regard to the transfer of technology, there was a need to speed up the pace of work on the code of conduct, where progress had been very slow, and to reach agreement on a legally binding code. A successful conclusion of the work on the code and on the revision of the industrial property system was essential to the development of the indigenous technological capacity of developing countries.

12. In the field of international shipping, only 20 countries had so far become contracting parties to the Convention on a Code of Conduct for Liner Conferences, and all of them were developing countries. None of the developed countries which had signed the Convention had ratified it. The Group of 77 urged the developed countries, including those which had not signed the Convention, and other developing countries to become contracting parties so that the Convention could come into force as soon as possible.

13. The Group of 77 also attached great importance to the deliberations of the Paris Conference on International Economic Co-operation. It hoped for concrete results from it, but the Conference had unfortunately also been characterized by a lack of political will on the part of the developed countries.

14. Referring to the complaints by the delegations of Group B countries concerning the late distribution of documents, he said that the Group of 77 did not wish to minimize the importance of documents and of devoting sufficient time to their study. However, the non-implementation of agreements and commitments remained the vital issue and, if Group B agreed, a discussion should now be begun on ways and means of reaching a consensus without becoming bogged down in minor details and questions of interpretation.

Consideration of the report of the Group of Governmental Experts on the Concepts of the Present Aid and Flow Targets on its third session (TD/B/646)

15. Mr. KENDALL (Chairman of the Group of Experts), speaking at the invitation of the President, introduced the report of the Group on its third session (TD/B/646). As stated in chapter I of its report, in order to examine developments in the relationship between the present aid and flow targets and the growth targets set by the International Development Strategy for the Second Development Decade, in the light of the recent disruptions in the world economic situation, the Group of Experts had had before it an economic study by the secretariat, from which it had drawn two major conclusions.

16. First and foremost, there was clearly a marked inconsistency between the aid and flow targets set at the beginning of the Second Development Decade and the growth rates projected for the developing countries. In fact, even if the aid targets had been met in every respect, the desired growth rates would not have been achieved. The entire basis of the strategy should therefore be reviewed in order to take account of the new circumstances.

17. The Group had then noted that other analyses of the situation which had given quantitatively different results had, however, merely confirmed the lack of consistency between the air targets and the growth rates projected for the developing countries. Also noting the lack of uniformity in the two or three models used by the secretariat in its analysis, the Group of Experts had considered that it was necessary to collect much more comprehensive and systematic data and to determine the best way of using them if it was desired to elaborate a more coherent and solid strategy for the future.

18. After stressing the inadequacy of the aid and flow targets, the Group of Experts examined, in chapter II of the report, the extent to which those targets had actually been attained.

19. It noted that the official development assistance (ODA) target remained the fundamental element but that while ODA flows had clearly increased between 1972 and 1975, the ODA/GNP ratio had improved only slightly during the same period.

20. With regard to private flows, new factors of great importance for the growth of developing countries had appeared in recent years, in particular the emergence of new sources and "Euro-currency" flows. ODA was still the basic element, but private aid flows made it possible to a great extent to understand the nature of the debt problem of the developing countries, the relationship between that problem and ODA, and the nature of the financial resources available to the developing countries to implement their own development plans. However, whereas the concept of ODA had been fully defined and comprehensive information on the subject had been collected and analysed, the situation was still unclear with regard to private flows: it was not known how to measure or classify them, and the relevant information was lacking. The Group of Experts had expressed its keen concern in that regard, while noting with satisfaction the efforts made by statisticians to remedy that situation. The Group considered that in order to make an in-depth appraisal of the implementation of the International Development Strategy, it was essential to collect and analyse more information on aid from the private sector, which had assumed great importance in recent years.

21. After reaching that finding, the Group of Experts proposed, in Chapter III of its report, that a special effort should be made to collect systematically, at the global level, all existing information on financial flows from developed countries or multilateral institutions to developing countries. At present, all information relating to such flows came from a number of sources, the most important of which was the Development Aid Committee (DAC) of the Organization for Economic Co-operation and Development (OECD), but the DAC's statistics covered only its member countries whereas financial flows now came from countries members of the Organization of the Petroleum Exporting Countries (OPEC) and from certain planned-economy countries which were not members of DAC. In addition, there was the World Bank, which collected, through its reporting system, information on financial flows to a number of developing countries.

22. In view of that need for comprehensive statistics, the Group of Experts suggested that the UNCTAD secretariat should first hold consultations with the sources of information on financial flows in order to ascertain to what extent such information could be systematically collected at the global level and then to report to the Group of Experts so that the latter could examine ways of developing, harmonizing and using such information and incorporating it within a comprehensive framework for the Board itself for the purpose of reviewing the implementation of the International Development Strategy. The UNCTAD secretariat should be in a position to carry out that task, owing to the satisfactory contacts which it maintained with the member countries of OPEC and DAC and with all the other sources of financial flows.

23. To that end, it would perhaps be necessary to entrust the Group of Experts, which had so far had rather vague functions, with the more specific task of elaborating an integrated information system. That task would perhaps require additional staff in the UNCTAD secretariat, but the importance of the matter fully justified that. In that connexion, he drew attention to paragraph 32 of the report which mentioned the functions that could be assigned to the Group of Experts, which would have a maximum of 15 to 20 suitably qualified members and which should meet regularly, possibly once a year.

The meeting rose at 4.15 p.m.